

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-78000
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Liberty Pioneer Energy Source, Inc.		7. If Unit or CA Agreement, Name and No. Skyline II Unit
3a. Address 1411 East 840 North Orem, Utah 84097		8. Lease Name and Well No. Skyline Unit 10-17
3b. Phone No. (include area code) 801-224-4771		9. API Well No. 43-039-30044
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 2,241' FSL & 1,642' FEL, NW/4 SE/4, 4766874 39.601700 At proposed prod. zone 43833784 -111.271541		10. Field and Pool, or Exploratory Exploratory
11. Sec., T. R. M. or Blk. and Survey or Area Section 17, T14S, R6E, SLB&M		12. County or Parish Sanpete
13. State UT		14. Distance in miles and direction from nearest town or post office* 25.04 miles northwest of Orangeville, Utah
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,642'	16. No. of acres in lease 9,519.770	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 850'	19. Proposed Depth 7,550' MD	20. BLM/BIA Bond No. on file UTB-000334
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 9,230'	22. Approximate date work will start* 07/10/2010	23. Estimated duration 30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature <u>Don Hamilton</u>	Name (Printed/Typed) Don Hamilton	Date 09/15/2009
-----------------------------------	--------------------------------------	--------------------

Title  
Agent for Liberty Pioneer Energy Source, Inc.

Approved by (Signature) <u>[Signature]</u>	Name (Printed/Typed) BRADLEY G. HILL	Date 10-01-09
Title	Office ENVIRONMENTAL MANAGER	

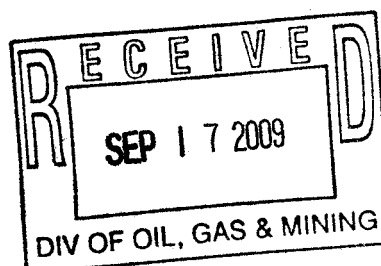
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

\*(Instructions on page 2)

Federal Approval of this  
Action is Necessary

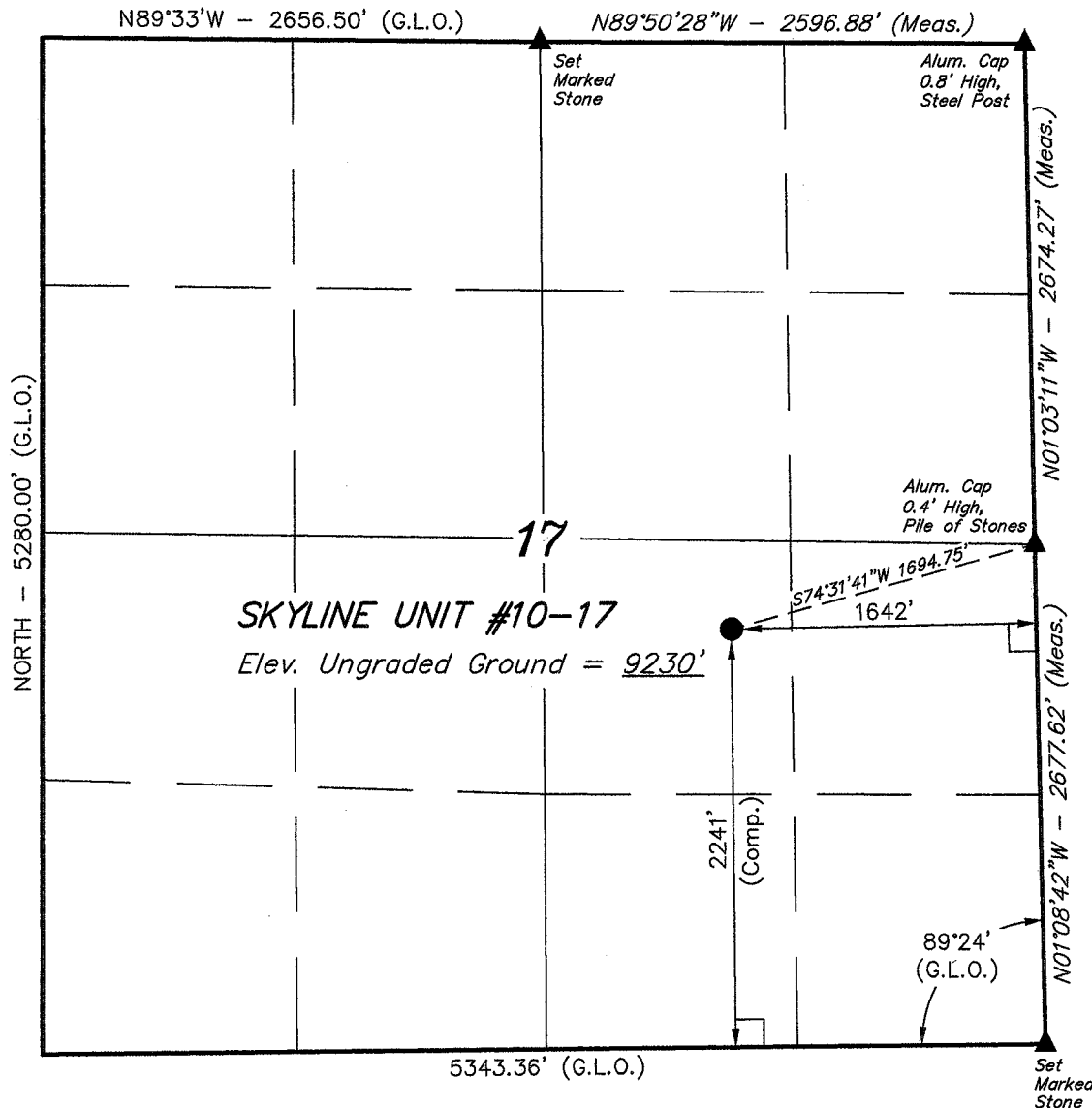


CONFIDENTIAL

**T14S, R6E, S.L.B.&M.**

**LIBERTY PIONEER ENERGY SOURCE, INC.**

Well location, SKYLINE UNIT #10-17, located as shown in the NW 1/4 SE 1/4 of Section 17, T14S, R6E, S.L.B.&M., Sanpete County, Utah.

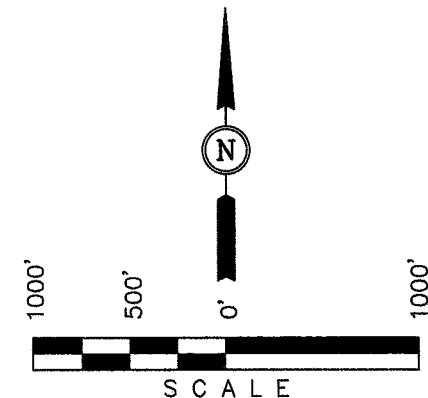


**BASIS OF ELEVATION**

BENCH MARK 87 LOCATED IN THE NW 1/4 OF SECTION 7, T14S, R6E, S.L.B.&M. TAKEN FROM THE HUNTINGTON RESERVOIR, QUADRANGLE, UTAH, SANPETE COUNTY, 7.5 MINUTE QUAD (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 9655 FEET.

**BASIS OF BEARINGS**

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



**CERTIFICATE**

THIS IS TO CERTIFY THAT THE ABOVE PLAN WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

**ROBERT KAY**  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

**UINTAH ENGINEERING & LAND SURVEYING**

**85 SOUTH 200 EAST - VERNAL, UTAH 84078**

**(435) 789-1017**

SCALE 1" = 1000'	DATE SURVEYED: 08-25-09	DATE DRAWN: 09-11-09
PARTY B.B. D.M. C.C.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE LIBERTY PIONEER ENERGY SOURCE, INC.	

(AUTONOMOUS NAD 83)

LATITUDE = 39°36'06.17" (39.601714)

LONGITUDE = 111°16'19.13" (111.271981)

(AUTONOMOUS NAD 27)

LATITUDE = 39°36'06.30" (39.601750)

LONGITUDE = 111°16'16.49" (111.271247)

**LEGEND:**

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.



2580 Creekview Road  
Moab, Utah 84532  
435/719-2018

September 30, 2009

Mrs. Diana Mason  
State of Utah  
Division of Oil Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: Vertical Drilling R-649-3-3 - Liberty Pioneer Energy Source, Inc.

**Skyline Unit 10-17**

2,241' FSL & 1,642' FEL, NW/4 SE/4,  
Section 17, T14S, R6E, SLB&M, Sanpete County, Utah

Dear Ms. Mason:

Pursuant to the filing of Liberty Pioneer Energy Source, Inc.'s (Liberty Pioneer's) Application for Permit to Drill regarding the above referenced well, Buys & Associates, Inc. hereby submits this letter in accordance with Oil and Gas Conservation Rule R649-3-3 pertaining to the Exception to Location and Siting of Wells.

- The well is located in an area that is presently under general state spacing.
- Liberty Pioneer is permitting the referenced well as a vertical well in its current location to minimize surface disturbance. Locating the well at this surface location will minimize cuts and fills and spot the well adjacent to an existing forest road and a suitable distance from SR-31.
- Furthermore, Liberty Pioneer certifies that they are the sole working interest owner within 460' of the surface and target location and all points along the intended well bore path.

Please accept this letter as Liberty Pioneer's written request for confidential treatment of all information contained in and pertaining to this pending application.

Thank you very much for your timely consideration of this application. Please feel free to contact Daniel R. Gunnell or Kimball Hodges of Liberty Pioneer at 801-224-4771 or myself should you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Don Hamilton".

Don Hamilton  
Agent for Liberty Pioneer

cc: Kimball Hodges, Liberty Pioneer



United States Department of the Interior

MLC

9/11/2009



BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, UT 84145-0155

<http://www.blm.gov>

IN REPLY REFER TO:

3160

(U-922)

September 11, 2009

Liberty Pioneer Energy Source  
1411 East 840 North  
Orem, Utah 84097

Re: Skyline II Unit  
Second Obligation Well  
Emery and Sanpete Counties, Utah

Gentlemen:

We have received your letter dated September 1, 2009 requesting that the second obligation well for the Skyline II unit be modified from that stipulated in our approval letter dated December 15, 2008.

The original well was to be located in the SW¼ of Section 28, Township 14 South, Range 6 East, Sanpete County, Utah. The modified location will place the location of the second obligation well in the SE¼ of Section 17, Township 14 South, Range 6 East, Sanpete County, Utah.

Your request is hereby approved. The second obligation for the Skyline II unit is now to drill a well located in the SE¼ of Section 17, Township 14 South, Range 6 East, SLM&B, Sanpete County, Utah to a depth of 7,235 feet or a depth sufficient to test 125 feet below the Base of the Ferron Sandstone, whichever is less.

If you have any questions please contact Mickey Coulthard of this office at (801) 539-4042.

Sincerely,

/s/ Becky J. Hammond

Becky J. Hammond  
Chief, Branch of Fluid Minerals

September 15, 2009

Fluid Minerals Group  
Bureau of Land Management  
Richfield Field Office  
150 East 900 North  
Richfield, Utah 84701

RECEIVED

SEP 17 2009

RE: Application for Permit to Drill - Liberty Pioneer Energy Source, Inc.

**Skyline Unit 10-17**

2,241' FSL & 1,642' FEL, NW/4 SE/4,  
Section 17, T14S, R6E, SLB&M, Sanpete County, Utah

DIV. OF OIL, GAS & MINING

Dear Fluid Minerals Group:

On behalf of Liberty Pioneer Energy Source, Inc. (Liberty Pioneer), Buys & Associates, Inc. respectfully submits the enclosed original and three copies of the Application for Permit to Drill (APD) for the above referenced Forest Service managed surface and BLM managed mineral vertical well. A check for \$4,000.00 has been submitted and received under separate cover from Liberty Pioneer for the processing fee under the Fiscal Year 2008 Consolidated Appropriations Act. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats, layouts and photos of the proposed well site;

Exhibit "B" - Proposed location maps with access corridor;

Exhibit "C" - Drilling Plan;

Exhibit "D" - Typical BOP and Choke Manifold diagram;

Exhibit "E" - Surface Use Plan with APD Certification;

Please accept this letter as Liberty Pioneer's, written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact Daniel R. Gunnell or Kimball Hodges of Liberty Pioneer at 801-224-4771 or myself should you have any questions or need additional information.

Sincerely,

*Don Hamilton*  
Don Hamilton  
Agent for Liberty Pioneer

cc: Tom Lloyd, Forest Service - Ferron District Office  
Diana Mason, Utah DOGM  
Sanpete County Planning Office  
Kimball Hodges, Liberty Pioneer

FILE COPY

CONFIDENTIAL

## DRILLING PLAN

### Attachment for Permit to Drill

**Name of Operator:** Liberty Pioneer Energy Source, Inc.  
**Address:** 1411 East 840 North  
Orem, Utah 84097  
**Well Location:** Skyline Unit 10-17  
2,241' FSL & 1642' FEL  
Section 17, T14S, R6E, SLB&M  
Sanpete County, UT

1. GEOLOGIC SURFACE FORMATION North Horn

2. ESTIMATED DEPTHS OF IMPORTANT GEOLOGIC MARKERS

<u>Formation</u>	<u>Depth</u>
Price River	385'
Castlegate	885'
Blackhawk	1,215'
Star Point	2,115'
Mancos	2,415'
Emery	3,665'
Bluegate	5,155'
Ferron	6,850'
Tununk	7,380'

3. ESTIMATED DEPTHS OF ANTICIPATED OIL, GAS OR MINERALS

<u>Formation</u>	<u>Depth</u>	<u>Type</u>
Price River	385'	—
Castlegate	885'	—
Blackhawk	1,215'	—
Star Point	2,115'	—
Mancos	2,415'	—
Emery	3,665'	Gas
Bluegate	5,155'	—
Ferron	6,850'	Gas
Tununk	7,380'	—

4. PROPOSED CASING PROGRAM

All casing used to drill this well will be new casing.

<u>Type</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Conn.</u>	<u>Top</u>	<u>Bottom</u>	<u>Hole</u>	<u>Burst</u>	<u>Tension</u>	<u>Collapse</u>
Surface	13-3/8"	54.5 ppf	K-55	STC	0'	600'	17-1/2"	1.82	2.95	4.63
Intermediate I	7"	26 ppf	N-80	LTC	0'	6,800'	8 3/4"	1.8	1.84	1.36
Production	4-1/2"	11.6 ppf	N-80	LTC	0'	7,550'	6-1/4"	1.15	1.91	1.38

**CONFIDENTIAL**

## DRILLING PLAN

### APPROVAL OF OPERATIONS

#### 5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

Surface hole: No BOPE will be utilized.

Intermediate and Production hole: Prior to drilling out, 5000 psi BOP equipment will be installed. The pipe rams will be operated at least once per day from the surface casing to total depth. The blind rams will be tested once per day from surface casing to total depth if operations permit.

A diagram of the planned BOP equipment for normal drilling operations in this area is attached. As denoted there will be two valves and one check valve on the kill line, two valves on the choke line, and two adjustable chokes on the manifold system. The BOP "stack" will consist of three BOP rams (2 pipe, 1 blind) and one annular type preventor, all rated to a minimum of 5000 psi working pressure.

The BOP equipment will be pressure tested prior to drilling below the surface casing shoe. All tests will be maintained for 5 minutes at a low pressure (250 psi) and for 10 minutes at a high pressure (4000 psi). Clear water will be circulated into the BOP stack and lines prior to pressure testing. The following test pressures will be used as a minimum for various equipment items.

1. Annular BOP (70% of working pressure)	3500 psi
2. Ram type BOP	4000 psi
3. Kill line valves	4000 psi
4. Choke line valves and choke manifold valves	4000 psi
5. Chokes	4000 psi
6. Surface Casing, casinghead & weld	1500 psi
7. Intermediate Casing, casinghead & weld	4000 psi
8. Upper kelly cock and safety valve	4000 psi
9. Dart valve	4000 psi

#### 6. MUD SYSTEMS

- An air or an air/mist system may be used to drill the surface hole until water influx becomes too great.
- KCL mud system will be used to drill well.

<u>Depths</u>	<u>Mud Weight (ppg)</u>	<u>Mud System</u>
0' - 600'	N/A	Air/ Air /Mist
600'-6,800'	6.0 to 8.4	Cationic Fluid and Nitrogen
6,800' - 7,550'	N/A	Air/ Air/Mist

#### 7. BLOOIE LINE

- An automatic igniter will not be installed on blooie line. The blooie will have a constant ignition source.
- A "target tee" connection will be installed on blooie line for 90° change of directions for abrasion resistance.
- "Target tee" connections will be a minimum of 50' from wellhead.
- The blooie line discharge will be a minimum of 100' from the wellhead.

#### 8. AUXILIARY EQUIPMENT TO BE USED

- a. Kelly cock.
- b. Full opening valve with drill pipe connection will be kept on floor. Valve will be used when the kelly is not in string.

#### 9. TESTING, LOGGING, AND CORING PROGRAMS TO BE FOLLOWED

- DIL/GR log from surface casing to TD and GR to surface
- CNL/FDC/GR from 2500' to TD

#### 10. ANTICIPATED ABNORMAL PRESSURES OR TEMPERATURES EXPECTED

- Expected BHP 1,500-2,000 psi (lower than normal pressure gradient).
- No abnormal temperature or pressures are anticipated.
- The formations to be penetrated do not contain known H<sub>2</sub>S gas.

#### 11. WATER SUPPLY

- a. Water supply has been addressed as item #5 within the following surface use plan.

**CONFIDENTIAL**

**DRILLING PLAN**  
**APPROVAL OF OPERATIONS**

12. **CEMENT SYSTEMS**

- a. Surface Cement: Drill 17 1/2" hole to 600' and cement 13 3/8" casing to surface.

<u>Type</u>	<u>Sacks</u>	<u>Interval</u>	<u>Density</u>	<u>Yield</u>	<u>Hole</u> <u>Volume</u>	<u>Cement</u> <u>Volume</u>	<u>Excess</u>
Tail	570	0-600'	15.8 ppg	1.16 CF/SK	452 CF	710 CF	57%

Surface Cement: Class "G" + 2% CaCl<sub>2</sub> + 1/4 lb/sx flocele

- b. Intermediate Casing Cement: Drill 8 3/4" hole to 6,800' and cement 7" casing to surface.

<u>Type</u>	<u>Sacks</u>	<u>Interval</u>	<u>Density</u>	<u>Yield</u>	<u>Hole</u> <u>Volume</u>	<u>Cement</u> <u>Volume</u>	<u>Excess</u>
S1- Lead	305	3,300'-6,200'	12.5 ppg	1.94 CF/SK	435 CF	592 CF	36%
S1- Tail	100	6,200'-6,800'	14.3 ppg	1.26 CF/SK	75.2 CF	126 CF	67%
DV Tool							
S2- Lead	470	0'- 3250'	12.5 ppg	1.94 CF/SK	759 CF	912 CF	35%-OH, 0%-C
S2- Tail	50	3250' - 3300'	14.3 ppg	1.26 CF/SK	15CF	25CF	67%

Intermediate 1<sup>st</sup> Stage:

Lead: 65:35 Poz + 6% Gel + 0.4% Halad-344 + 0.2% Super CBL + 2 lb/sx Silicalite Compacted + 0.2% HR-7

Tail: 50:50 Poz + 5 lb/sx Gilsonite + 2% Microbond M + 0.3% Halad-344 + 0.2% HR-5 + 0.2% Super CBL

Intermediate 2<sup>nd</sup> Stage:

Lead: 65:35 Poz + 6% Gel + 0.4% Halad-344 + 0.2% Super CBL + 2 lb/sx Silicalite Compacted + 0.2% HR-7

Tail: 50:50 Poz + 5 lb/sx Gilsonite + 2% Microbond M + 0.3% Halad-344 + 0.2% HR-5 + 0.2% Super CBL

The 4 1/2" liner will be pre-perforated and hung with a liner hanger and not cemented.

13. **ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS**

Starting Date: July 10, 2010

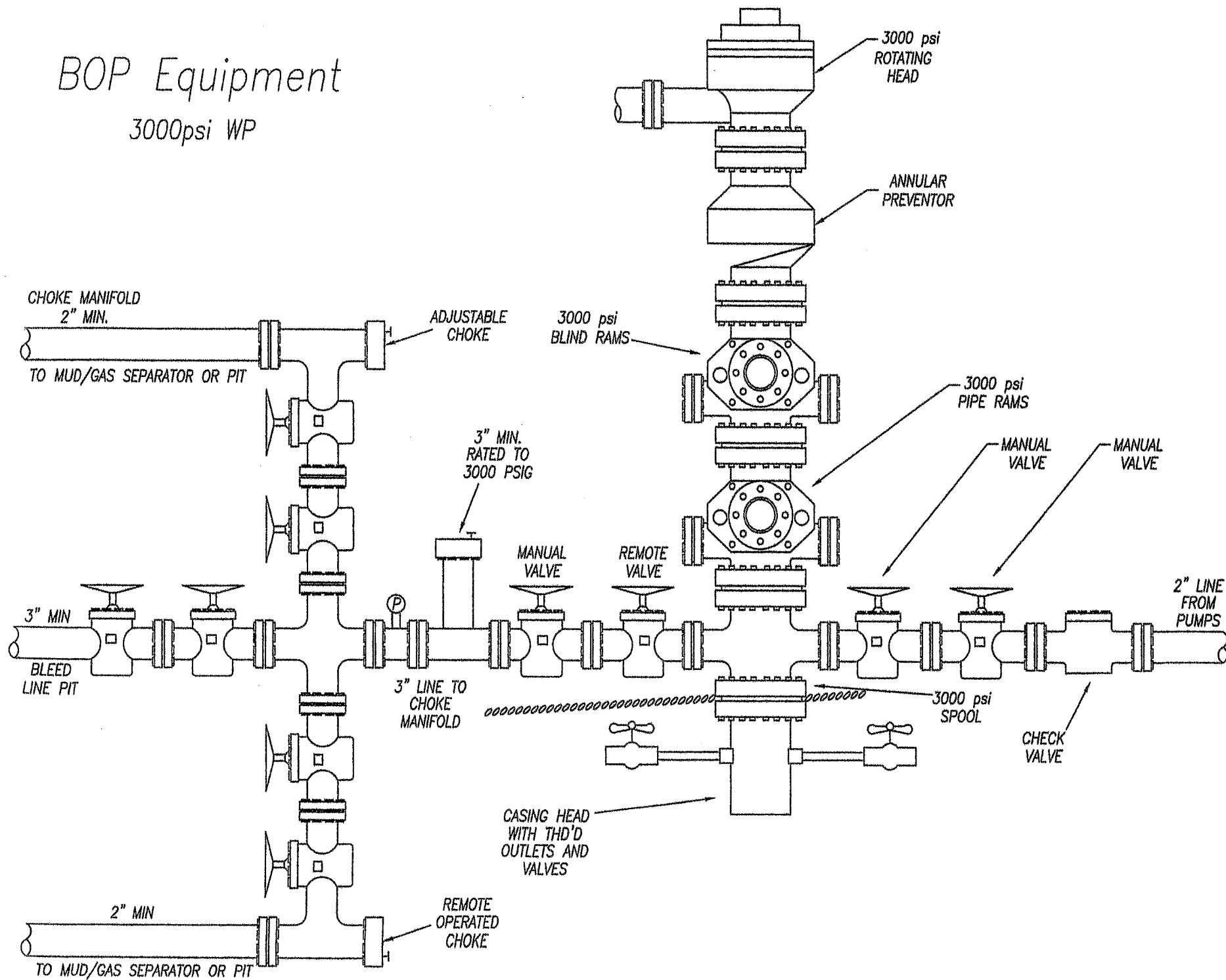
Duration: 30 Days

**CONFIDENTIAL**



# BOP Equipment

3000psi WP



## SURFACE USE PLAN

### Attachment for Permit to Drill

Name of Operator: Liberty Pioneer Energy Source, Inc.  
Address: 1411 East 840 North  
Orem, Utah 84097  
Well Location: Skyline Unit 10-17  
2,241' FSL & 1,642' FEL, NW/4 SE/4,  
Section 17, T14S, R6E, SLB&M  
Sanpete County, UT

The dirt contractor will be provided with an approved copy of the surface use plan of operations, approved conditions of approval and road use authorization before initiating construction.

The federal onsite inspection for the referenced well was conducted on Tuesday, August 25, 2009 at 10:00 am. The following were present for the onsite inspection:

Tom Lloyd	Acting Forest Ranger	Forest Service
Don Wilcox	Road Engineer	Forest Service
Steve Cote	Timber Specialist	Forest Service
John Wytains	Acting Forest Supervisor	Forest Service
Bill Broadbear	Recreation Specialist	Forest Service
Bob Davidson	Soil Specialist	Forest Service
Dale Stapely	Permits Officer	UDOT
Stan Anderson	Natural Resource Specialist	BLM – Richfield
Kathy Andrews	Geologist	BLM – Richfield
Kimball Hodges	Vice President	Liberty Pioneer
Eddie Hodges	CEO	Liberty Pioneer
Brandon Bowthorpe	Surveyor	Uintah Engineering
Dallen Marshall	Survey Hand	Uintah Engineering
Don Hamilton	Agent	Buys & Associates, Inc.

#### 1. Location of Existing Roads:

- a. The proposed well site is located approximately 25.04 miles northwest of Huntington, UT.
- b. The use of SR-31 under State of Utah Department of Transportation maintenance are necessary to access the Skyline II Unit area. An encroachment permit is needed since upgrades to the existing SR-31 approach are proposed at this time.
- c. From SR-31 the existing forest maintained 3180 road that provides a small dispersed camping loop from the highway would be utilized for 310'. Minor relocation, upgrades and gravel placement to this segment are anticipated to accommodate the increase in traffic. Full-engineering will be performed on this road segment since the road is presently not at Forest Service standards. A commercial road use permit for road use, relocation and upgrade is pending submission at this time.
- d. All existing roads will be maintained and kept in good repair during all phases of operation.

- e. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- f. Adequate signs will be posted along Forest Service Development Roads and as required along the state road to warn the public of project related traffic.
- g. Move-in and Move-out of the drill rig will not be allowed during holiday weekends and will be restricted during the big game hunting seasons as specified by the Forest Service.

2. Planned Access Roads:

- a. From SR-31 planned access will utilize the existing forest maintained 3180 road though minor relocation of the road is proposed to accommodate the well pad location. The road segment trends northeast then southeast to the proposed well pad for 310' across entirely Forest Service managed surface and consists of about 200' of new disturbance.
- b. A maximum grade of 12% will be maintained throughout the project.
- c. No culverts are anticipated for the relocated and upgraded access road. Drainage structures will be incorporated into the pending road design plan and meet Forest Service specifications. The road design plan will be approved following submission of the associated road use permit application.
- d. A gate or cattle guard will not be necessary since the area is presently open.
- e. Following the road construction stakes any timber that must be removed will be sawed, debarked and barked into 4' lengths. The barked lengths, slash and several full length logs will be left at the edge of the disturbed area for future reclamation in a non-continuous up-slope windrow. No merchantable or non-merchantable timber products will be removed from forest lands. The entire staked area will then be stripped of the entire A horizon topsoil with the topsoil being stockpiled inside of the timber windrow on the upslope side of the road. All topsoil must be stripped from areas to be disturbed and stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- f. Surface disturbance and vehicular travel will be limited to the approved location access road. Any additional area needed must be approved by the Forest Service in advance.
- g. Unauthorized off-road vehicular travel is prohibited.
- h. The proposed access road will consist of a 24' travel surface within a disturbed area of varying width that will be outlined within the pending road design
- i. No turnouts are proposed since the access road is only 310' long and adequate site distance exists in all directions.
- j. No surfacing material will come from federal lands.
- k. An off-lease federal Right-of-Way is not required for the access road since the entire road segment is located inside of the Skyline II Unit boundary.

3. Location of Existing Wells:

- a. The plugged and abandon Fed 1-17 is located approximately 850' west of the proposed well. The well was reviewed by Liberty Pioneer for reentry but not pursued based on geologic and integrity concerns.

4. Location of Existing and/or Proposed Production Facilities:

- a. The production facilities layout will be submitted to the Forest Service prior to installation if the well is proven productive. Production facilities may be subject to further analyses and approval by the Forest Service.
- b. All permanent structures (in place for six months or longer) constructed or installed (including tanks and separators) will be painted a flat, non-reflective beetle color to match the standard environmental colors, as determined by the approving agency. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded.
- c. Site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.
- d. A gas meter run will be constructed and located on lease within 500 feet of the wellhead. Meter runs will be housed and/or fenced. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- e. A tank battery will be constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- f. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry.
- g. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- h. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- i. A gas pipeline is not associated with this application and is not being applied for at this time. The proposed gas pipeline corridor will be applied for in a separate application or amended into this application in the future.
- j. All gasoline and diesel-powered equipment will be equipped with effective spark arresters or mufflers. Spark arresters will meet Forest Service specifications discussed in the USDA Forest Service Spark Arrester Guide. In addition, all electrical equipment must be properly insulated to prevent sparks.

5. Location and Type of Water Supply:

- a. No water pipelines will be laid for this well.
- b. Drilling water for this will be hauled on the project road(s) as shown in Exhibit B
- c. Water to be used for construction, drilling completion and dust suppression will be obtained through an approved temporary change application from water right number 93-243 (AH Christensen Decree, HC Irrigation Company – Stock Certificate #3904 (243 shares in the name of Nielson L.L.C)).

- d. The water will be obtained through a direct purchase agreement from Neilson L.L.C.
- e. Water will be diverted at a point: S 904 ft - E 1204 ft from N/4, Section 28, T14S, R6E, SLB&M by water trucks and a canvas dam if necessary. This diversion has been utilized in the past with no new surface disturbance required to access the diversion.
- f. A valid temporary change approval is in place at the time of application but will expire in early 2010. A valid temporary change will be in place prior to use of any water from this water right.

6. Source of Construction Material:

- a. Pad construction material will be obtained from Nielson Construction near Huntington, Utah.
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.
- c. No construction materials will be removed from Forest Service lands
- d. Any gravel used will be obtained from a state approved gravel pit.

7. Methods of Handling Waste:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities designed for the safe storage and disposal of the waste material.
- b. Drill cutting will be contained and buried on site if they are free of liquid and proved through laboratory analysis to be free of any toxins including barium-containing compounds. Should the cutting fail to meet this requirement as determined by the Forest Service they will be hauled off of Forest Service lands for placement in an approved solid waste disposal site.
- c. The reserve pit will be located outboard of the location and along the northeast side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 12 mil minimum thickness synthetic liner material unless designated otherwise by the Forest Service officers prior to construction. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Emery County Landfill near Orangeville, Utah. Burning of trash and debris is prohibited.

- h. After first production, produced wastewater will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Authorized Officers approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- i. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- j. Sanitary facilities are required on site at all times during operations. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations. The installation of facilities, other than self-contained chemical toilets, is subject to State and Forest Service approval.
- k. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities:

- a. Garbage Containers and Portable Toilets are the only ancillary facilities proposed in this application.
- b. Off-location campsites on National Forest lands are not proposed with this application. A multi-unit, self-contained crew camp will be utilized for the drilling and completion operations and will be entirely contained within the perimeter of the pad area.. The crew camp will be utilized consistent with this surface use plan and all wastes generated will be removed from Forest Service lands.

9. Well Site Layout:

- a. The well, whether drilling, producing, suspended, or abandoned, will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the southwest.
- c. The pad and road designs will be consistent with Forest Service specification as outlined in the Region 4 Oil and Gas Rooding Guidelines and the Manti-La Sal National Forest Oil and Gas Well Site Guidelines and are subject to Forest Service approval. No construction operations may begin prior to approval. Any modifications to approved plans are also subject to review and approval.
- d. The operator shall submit for approval, (within 90 days following completion of the well), a maintenance plan for the site, the project road and that portion of any Forest Development Road to be used for project access. A road use permit must be obtained from the Forest Service authorizing commercial use of Forest Service Development Roads. Requirements listed in the road-use permit must be followed.
- e. A pre-construction meeting including the responsible company representative(s), contractors, and the Forest Service must be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road must be construction-staked prior to this meeting. Site specific requirements will be discussed at that time.

- f. The pad has been staked at its maximum size of 270' X 355', however it will be constructed smaller if possible, depending upon rig availability. Should the layout change this application will be amended and approved utilizing a sundry notice.
- g. Sediment control will be maintained throughout the life of the project. Silt fences reinforced with steel mesh will be installed and maintained along all fill slopes and as necessary and practical during the construction and drilling of the associated well. Straw bales may also be used as necessary and practical and must be certified weed-free by the State of Utah. Should disturbance induced erosion begin in any area of the project it should be minimized as soon as practical utilizing approved sediment control structures. The Forest Service should be consulted immediately if questions or concerns arise as a result of erosion control.
- h. Topsoil storage areas have been designed with a minimum 10' buffer from the disturbed pad and road area to help minimize equipment storage and possible contamination of the topsoil piles. Signs and or fencing will be utilized to prevent unauthorized travel and equipment storage on the topsoil piles.
- i. The project engineer and surveyors must be certified by the State in which they reside or maintain their business.
- j. All surface disturbing activities, including reclamation, will be supervised by a qualified, responsible official or company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- k. Prior to any drilling operations, the working surface of the drill site will be surfaced with aggregate material (gravel) to a depth of 12" to support anticipated loads throughout the life of the well.
- l. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- m. All fills will be free from vegetative materials and will be compacted in lifts no greater than 12 inches in thickness to a minimum of 90 percent Proctor dry density sufficient to prevent excessive settling.
- n. Diversion ditches will only be constructed if necessary and practical around the well site to prevent surface waters from entering the well site area. Energy dissipating structures will be utilized to prevent excessive erosion at the outflow and trap any sediment produced from the raw slopes and prevent excessive erosion.
- o. An 18" berm will be constructed around the perimeter of the cut slope of the site to contain all precipitation, spills, and other fluids from leaving the site. The berm will be 2.5' high, 12 inches wide at the top, and having a 1-1/2:1 side slopes. The site surface will be graded to drain to the pit. The drainage pattern to be constructed can be modified for the site depending on site-specific conditions.
- p. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a windrow on the uphill side of the location to prevent any possible contamination. All topsoil must be stripped from areas to be disturbed and stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- q. Pits will remain fenced until site cleanup.
- r. The blooie line will be located: At least 100 feet from the well head.

- s. To minimize the amount of fugitive dust and spray escaping from the blooie pit water injection will be implemented

10. Plans for Restoration of the Surface (Interim Reclamation and Final Reclamation):

DRY HOLE

- a. Rehabilitation of the entire site will be required and will commence immediately after the drilling is complete. The site will be restored as nearly practical to its original condition. Cut and fill slopes will be reduced and graded to conform to the adjacent terrain.
- b. Fluids in the reserve pit will be pumped off and hauled to an approved disposal source, or re-used at another drill site. The operator will attempt to reclaim the reserve pit prior to winter, or the following summer.
- c. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established.
- d. The abandonment marker will be one of the following, as specified by BLM and Forest Service:
  - 1) at least four feet above ground level,
  - 2) at restored ground level, or
  - 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footage).

- e. After final grading and before the replacement of topsoil, the entire surface of the site shall be scarified to eliminate slippage surfaces and to promote root penetration. Topsoil will then be spread over the site to achieve an approximate uniform, stable thickness consistent with the established contours.
- f. A temporary fence (let down fence) will be constructed around the drill site to prevent continued - use until the required reclamation standards are successfully achieved. The fence will then be removed following revegetation.
- g. In general, the disturbed areas will be considered adequately re-vegetated when at least 90 percent of the original ground over is re-established over 90 percent of the seeded area, within three years of planting, consisting of seeded and desirable species. Maximum allowable non-noxious weeds is 10 percent of the total ground cover at any time. No noxious weeds will be allowed on the site; they must be treated as they occur. The operator is responsible for maintenance of reclamation facilities such as fences, barricades and temporary drainage structures until the desired reclaimed conditions are achieved. If the desired ground cover is not established at the end of each 3 year period, an analysis of why the areas has not recovered will be performed by the operator and additional treatment and seeding will be required based on the results of the analysis.
- h. Straw, hay, feed, or pellets used on the National Forests of Utah must be certified weed-free by the State of Utah.
- i. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.



- j. The well pad and access road will be reclaimed as per Forest Service. The operator will be informed of Forest Service requirements within 2 weeks following completion of the well to determine if the Forest Service can utilize the access road and/or well pad for recreational purposes. If the Forest Service agrees to take over the access and/or well pad, they also agree to take full responsibility for continued use and maintenance of the area and all liability associated with the same.

#### PRODUCING WELL

- a. Site reclamation for producing wells will be accomplished for portions of the site not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area. A new site plan will be required encompassing the facilities required for operation and interim reclamation measures.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. Once the reserve pit is dry, the reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. Methods for drying the pit, other than natural evaporation, are subject to prior Forest Service approval.
- c. Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.
- d. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.
- e. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- f. At the end of drilling operations, drilling fluids will be hauled to an approved disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soils, and gravel, will be removed from the Forest.
- g. The cut and fill slopes and all other disturbed areas not needed for the production operation will be top soiled and re-vegetated. The berm will be removed and the drill site graded to drain.
- h. The stockpiled topsoil will be evenly distributed over the disturbed area.
- i. Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.
- j. The site will be seeded and/or planted as prescribed by the Forest Service. Nutrients and soil amendments will be applied to the redistributed surface soil later as necessary to meet the revegetation requirements. The Forest Service will assign the seed mix. Seed will be broadcast or drilled between Sept. and Nov., or at a time specified by the Forest Service. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

11. Surface and Mineral Ownership:

- a. Surface Ownership is USDA Forest Service under the management of the Manti-La Sal National Forest 599 Price River Drive, Price, Utah 84501; 435-636-3596.
- b. Mineral Ownership is Bureau of Land Management under the management of the Price Field Office 125 South 600 East, Price, Utah 84501; 435-636-3661

12. Other Information:

- a. Montgomery Archaeological Consultants will conduct a Class III archeological survey. A copy of the report will be submitted under separate cover to the appropriate agencies by Montgomery Archaeological Consultants.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

- 1. Whether the materials appear eligible for the National Register of Historic Places;
- 2. the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
- 3. a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

- c. A Threatened and Endangered flora and fauna survey will be conducted by Buys & Associates, Inc. in the spring. A copy of this report will be submitted to the appropriate agencies by Buys & Associates, Inc..
- d. Wildlife Seasonal Restrictions will be stipulated by the Forest Service biologist and the existing Forest EIS document.
- e. No off location Geophysical Testing will be completed as part of this project.
- f. No drainage crossings that requires additional State or Federal approval is being crossed.

- g. Fire suppression equipment must be available to all personnel on the project site. Equipment will include a minimum of one hand tool per crew member consisting of shovels, pulaskis, and chainsaws and one properly rated fire extinguisher per vehicle an/ or internal combustion engine.
- h. The operator will be held responsible for damage and suppression costs for fires started as a result of operations. Fires must be reported to the Forest Service as soon as possible.
- i. All accidents or mishaps resulting in resource damage and/or serious personal injury must be reported to the Forest Service as soon as possible.
- j. Harassment of wildlife and livestock is prohibited.
- k. All merchantable timber removed or destroyed by construction or other project related activities will be purchased by the operator at fair market value. The Forest Service will conduct a timber cruise and appraisal after the final clearing limits have been staked. Slash burning will be conducted only at locations approved by the Forest Service under authorization or a burning permit.
- l. 

<b>Company Representative</b> Daniel R. Gunnell - President and CEO Liberty Pioneer Energy Source, Inc. 1411 East 840 North Orem, Utah 84097 801-224-4771 (office) <a href="mailto:DGunnell@LibertyPioneer.com">DGunnell@LibertyPioneer.com</a>	<b>Company Agent</b> Don Hamilton - Agent Buys & Associates, Inc. 2580 Creekview Road, Moab, Utah 84532 435-719-2018 (office) <a href="mailto:starpoint@etv.net">starpoint@etv.net</a>
---	--

Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exists; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application and that bond coverage is provided under Liberty Pioneer Energy Source, Inc. BLM bond (UTB-000334). These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 15<sup>th</sup> day of September, 2009.

Don Hamilton

Don Hamilton -- Agent for Liberty Pioneer Energy Source, Inc.  
2580 Creekview Road  
Moab, Utah 84532

435-719-2018  
starpoint@etv.net

LIBERTY PIONEER ENERGY SOURCE, INC.  
SKYLINE UNIT #10-17  
SECTION 17, T14S, R6E, S.L.B.&M.

PROCEED IN A NORTHWESTERLY, THEN SOUTHWESTERLY, THEN NORTHWESTERLY DIRECTION FROM HUNTINGTON, UTAH ALONG U.S. HIGHWAY 31 APPROXIMATELY 31.4 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 310' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM HUNTINGTON, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 31.4 MILES.

# LIBERTY PIONEER ENERGY SOURCE, INC.

## LOCATION LAYOUT FOR

SKYLINE UNIT #10-17  
SECTION 17, T14S, R6E, S.L.B.&M.

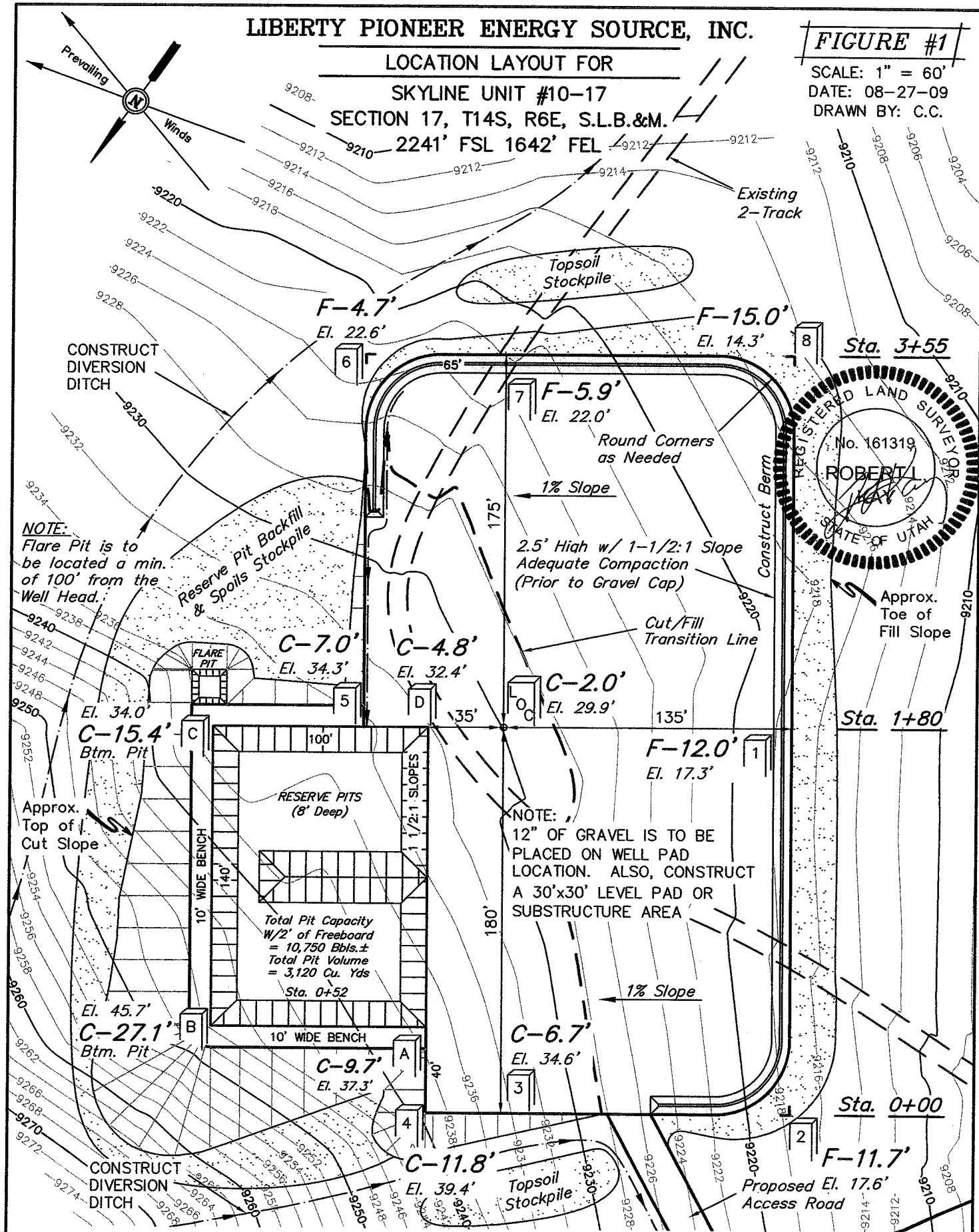
2241' FSL 1642' FEL

FIGURE #1

SCALE: 1" = 60'

DATE: 08-27-09

DRAWN BY: C.C.



Elev. Ungraded Ground At Loc. Stake = 9229.9'  
FINISHED GRADE ELEV. AT LOC. STAKE = 9227.9'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

# LIBERTY PIONEER ENERGY SOURCE, INC.

## TYPICAL CROSS SECTION FOR

SKYLINE UNIT #10-17

SECTION 17, T14S, R6E, S.L.B.&M.

2241' FSL 1642' FEL

FIGURE #2

SCALE: 1" = 60'

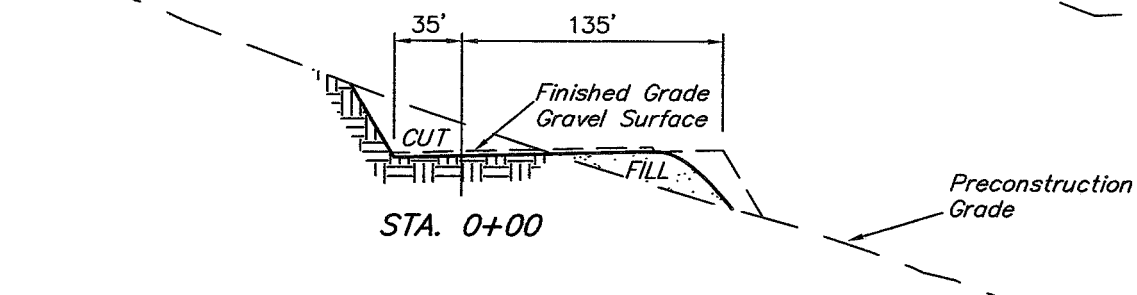
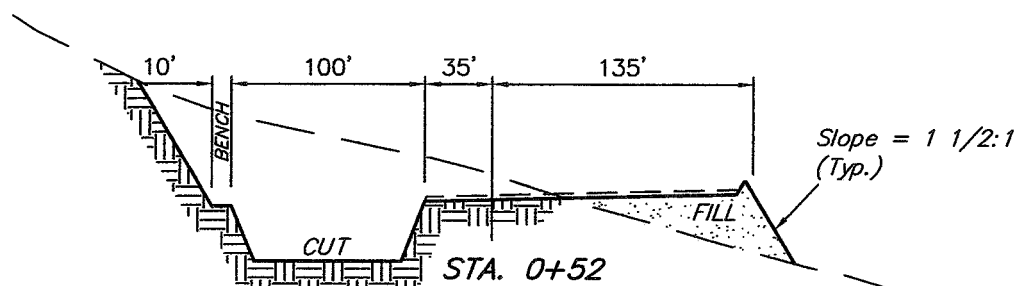
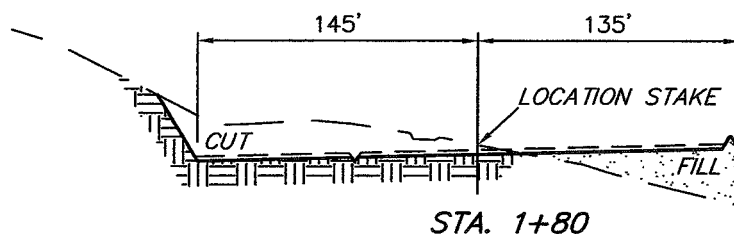
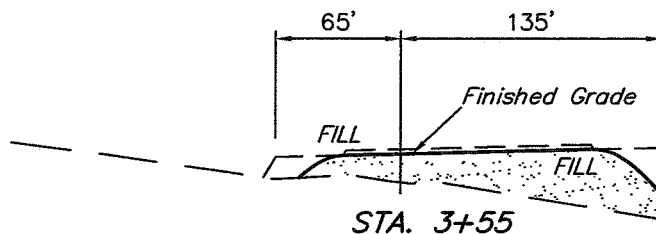
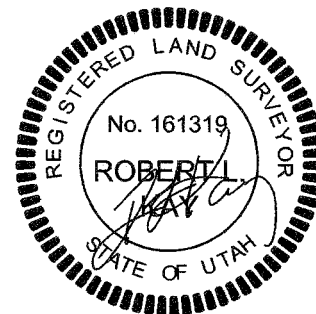
DATE: 08-27-09

DRAWN BY: C.C.

X-Section  
Scale  
1" = 100'

DATE: 08-27-09

DRAWN BY: C.C.



### NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

(12") GRAVEL = 2,200 Cu. Yds.  
(To Be Obtained From A Suitable Source)

### APPROXIMATE YARDAGES

(6") Topsoil Stripping = 2,150 Cu. Yds.  
Remaining Location = 17,020 Cu. Yds.  
TOTAL CUT = 19,170 CU.YDS.  
FILL = 15,460 CU.YDS.

### APPROXIMATE ACREAGES

WELL SITE DISTURBANCE = ± 2.893 ACRES  
ACCESS ROAD DISTURBANCE = ± 0.216 ACRES  
TOTAL = ± 3.109 ACRES

\* NOTE:  
FILL QUANTITY INCLUDES 5% FOR COMPACTION

EXCESS MATERIAL = 3,710 Cu. Yds.  
Topsoil & Pit Backfill = 3,710 Cu. Yds.  
(1/2 Pit Vol.)  
EXCESS UNBALANCE = 0 Cu. Yds.  
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

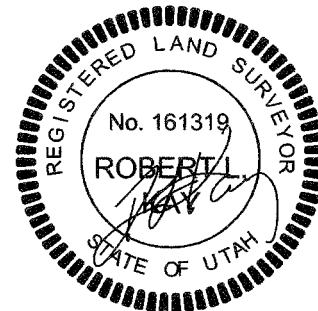
# LIBERTY PIONEER ENERGY SOURCE, INC.

## TYPICAL RIG LAYOUT FOR

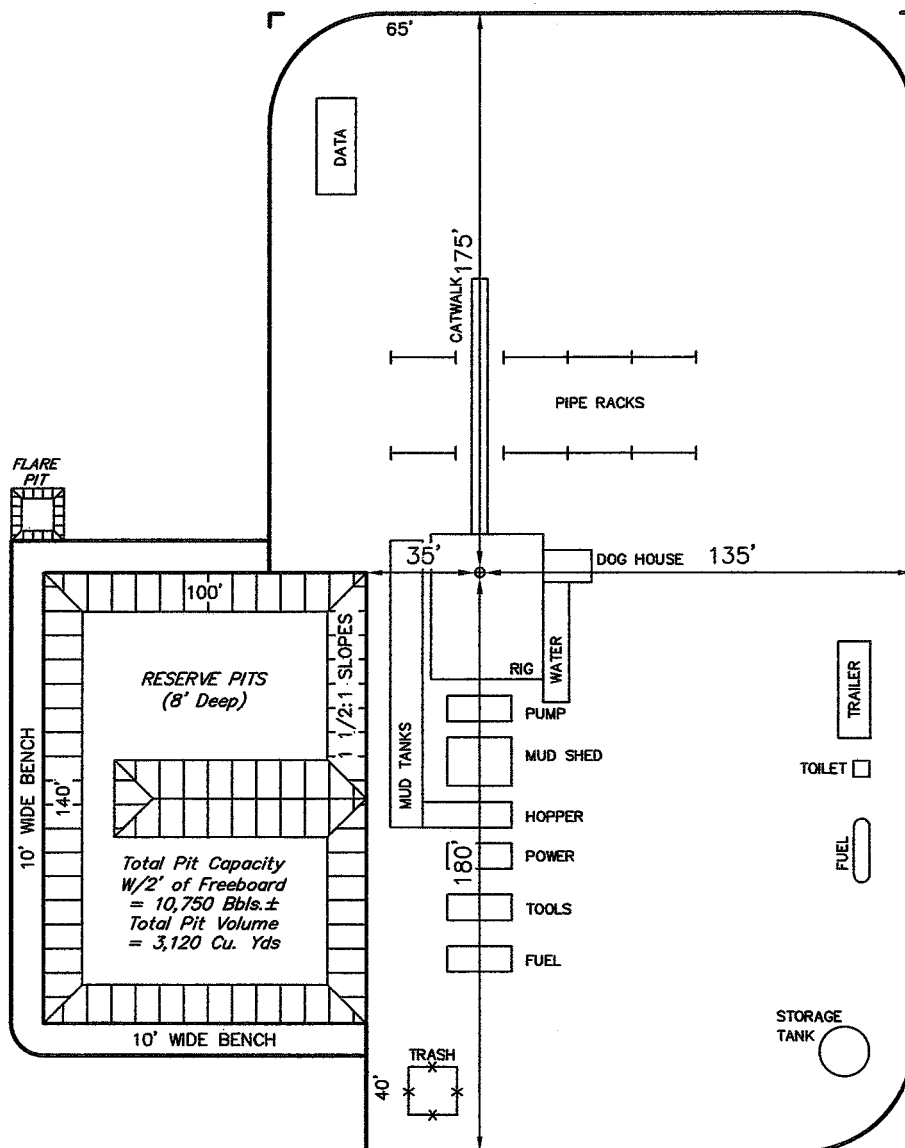
SKYLINE UNIT #10-17  
SECTION 17, T14S, R6E, S.L.B.&M.  
2241' FSL 1642' FEL

FIGURE #3

SCALE: 1" = 60'  
DATE: 08-27-09  
DRAWN BY: C.C.



**NOTE:**  
Flare Pit is to  
be located a min.  
of 100' from the  
Well Head.



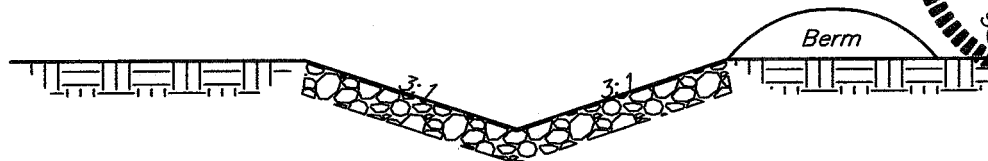
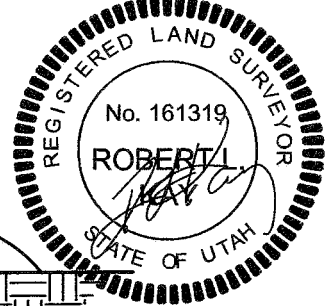


LIBERTY PIONEER ENERGY SOURCE, INC.

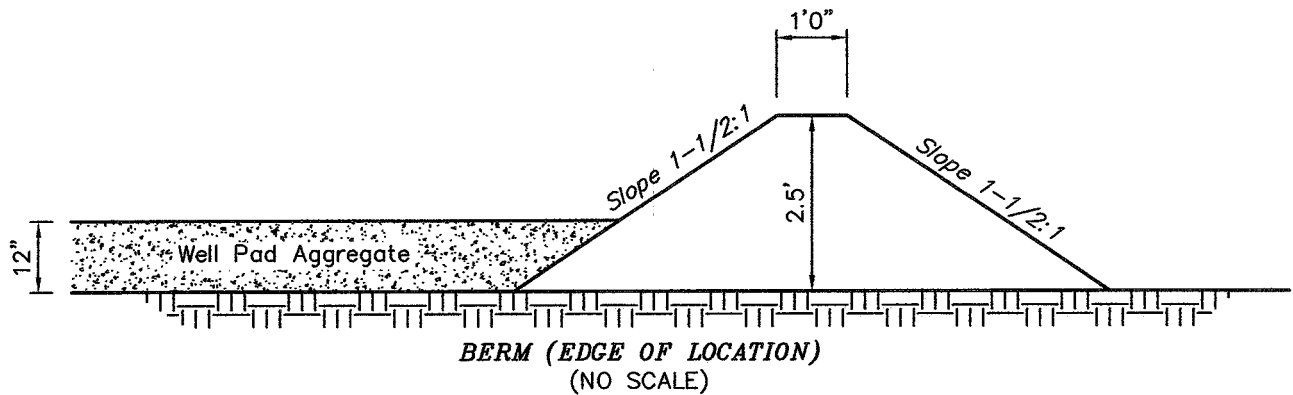
DETAIL SHEET

SKYLINE UNIT #10-17  
SECTION 17, T14S, R6E, S.L.B.&M.  
2241' FSL 1642' FEL

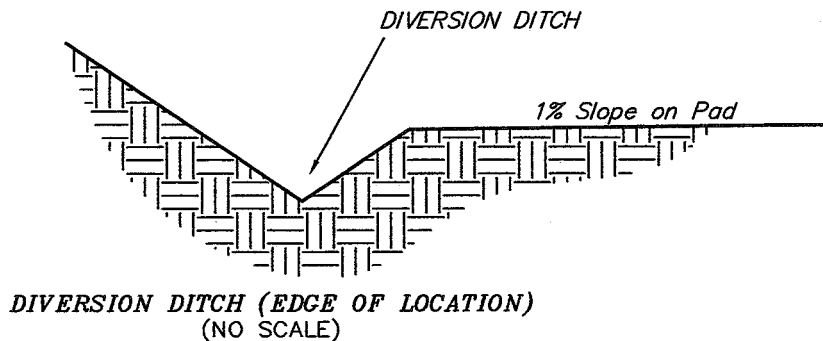
DATE: 08-27-09  
DRAWN BY: C.C.



RIP RAP IN WING DITCH (DETAIL)  
(Only Where Specified)



BERM (EDGE OF LOCATION)  
(NO SCALE)



DIVERSION DITCH (EDGE OF LOCATION)  
(NO SCALE)

# LIBERTY PIONEER ENERGY SOURCE, INC.

## SKYLINE UNIT #10-17

LOCATED IN SANPETE COUNTY, UTAH

SECTION 17, T14S, R6E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #D TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

• Since 1964 •

LOCATION PHOTOS

09 11 09  
MONTH DAY YEAR

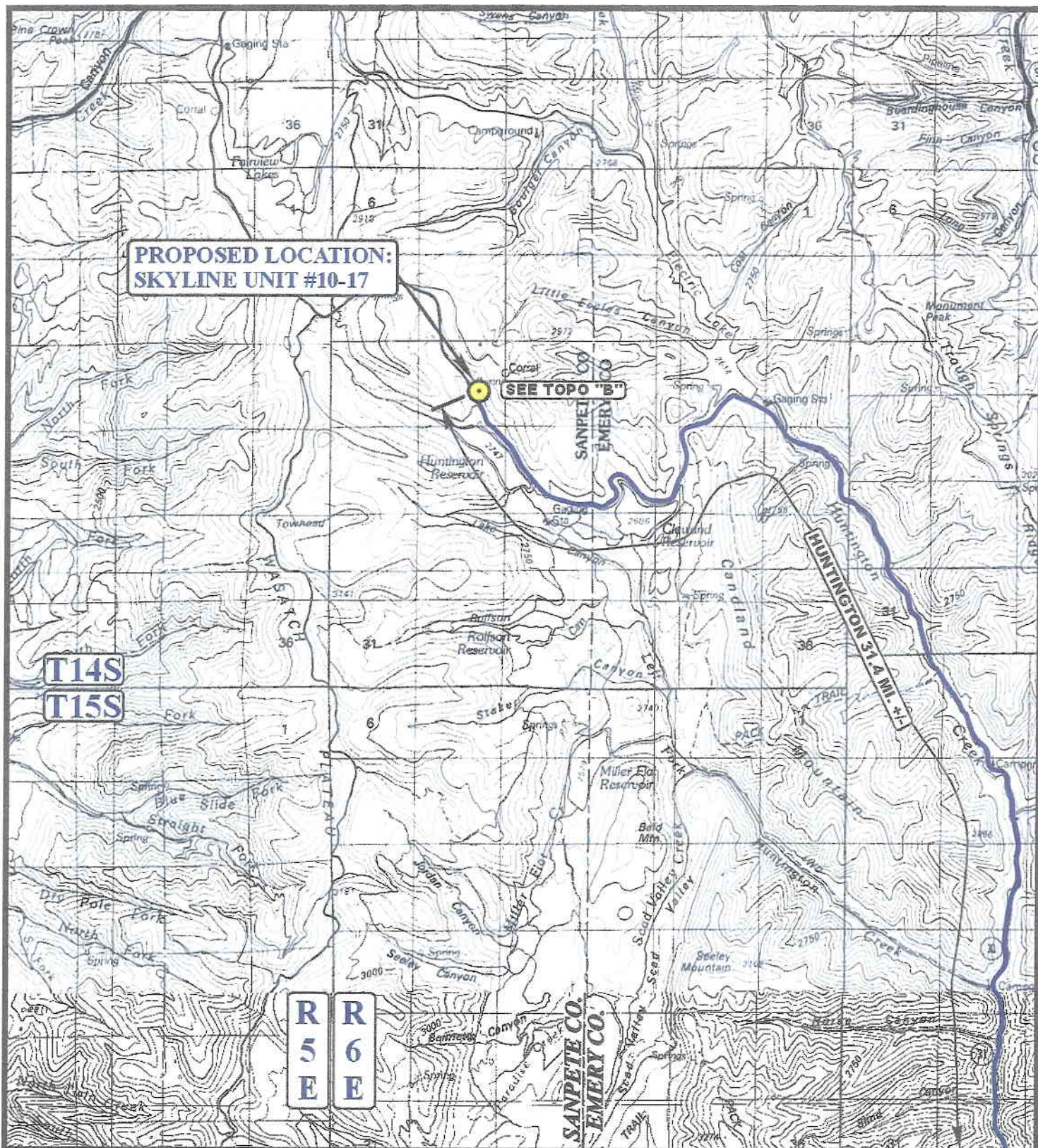
PHOTO

TAKEN BY: B.B.

DRAWN BY: L.K.

REVISED: 00-00-00





# **LEGEND:**

● PROPOSED LOCATION



**LIBERTY PIONEER ENERGY SOURCE, INC.**

**SKYLINE UNIT #10-17**  
**SECTION 17, T14S, R6E, S.L.B.&M.**  
**2241' FSL 1642' FEL**



**Utah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC**  
**MAP**

**09 11 09**  
 MONTH DAY YEAR

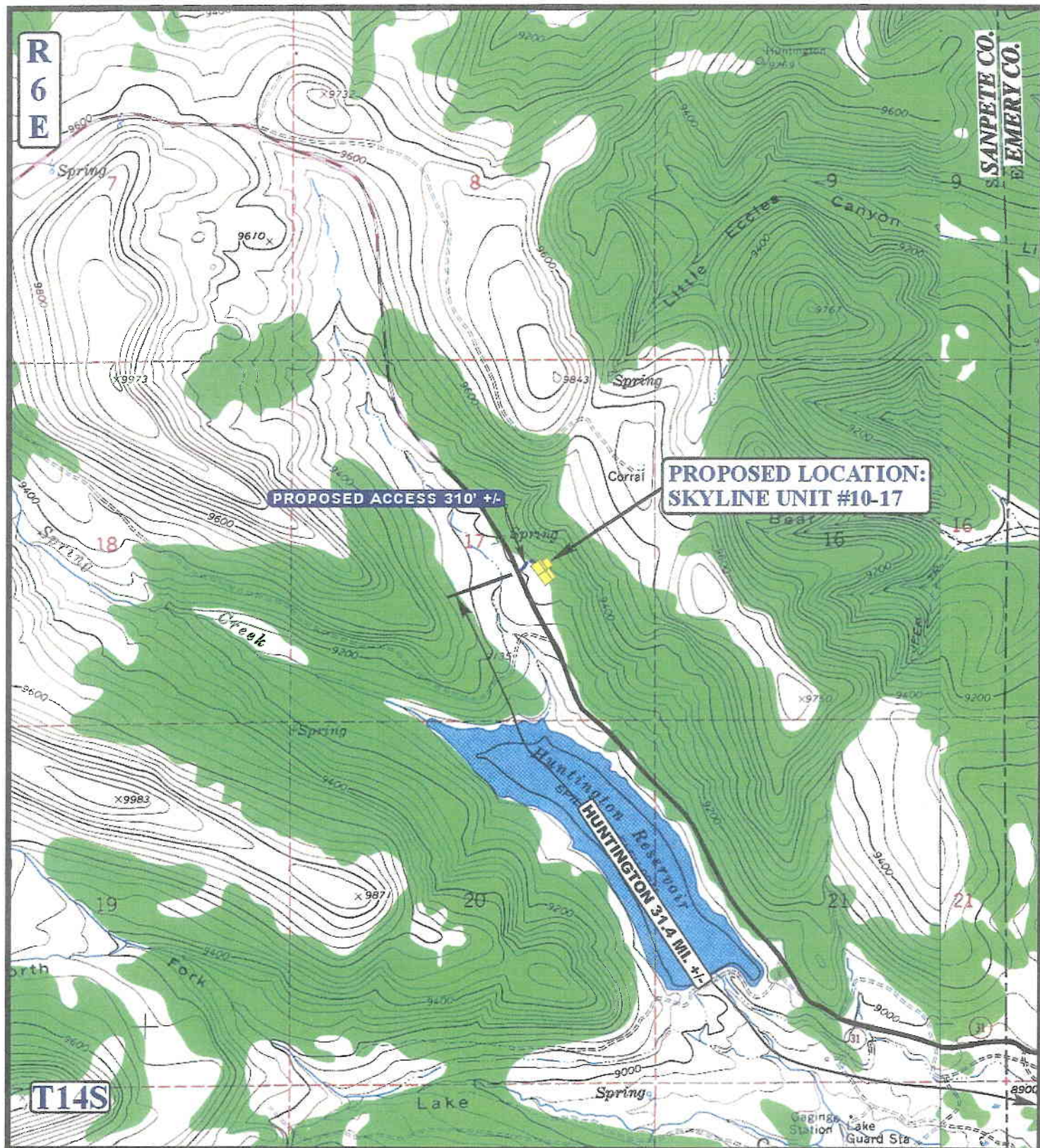
SCALE: 1:100,000

DRAWN BY: L.K.

REVISED: 00-00-00







# LEGEND:

— EXISTING ROAD  
 - - - - - PROPOSED ACCESS ROAD

LIBERTY PIONEER ENERGY SOURCE, INC.

SKYLINE UNIT #10-17  
 SECTION 17, T14S, R6E, S.L.B.&M.  
 2241' FSL 1642' FEL



Utah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813



TOPOGRAPHIC  
 MAP

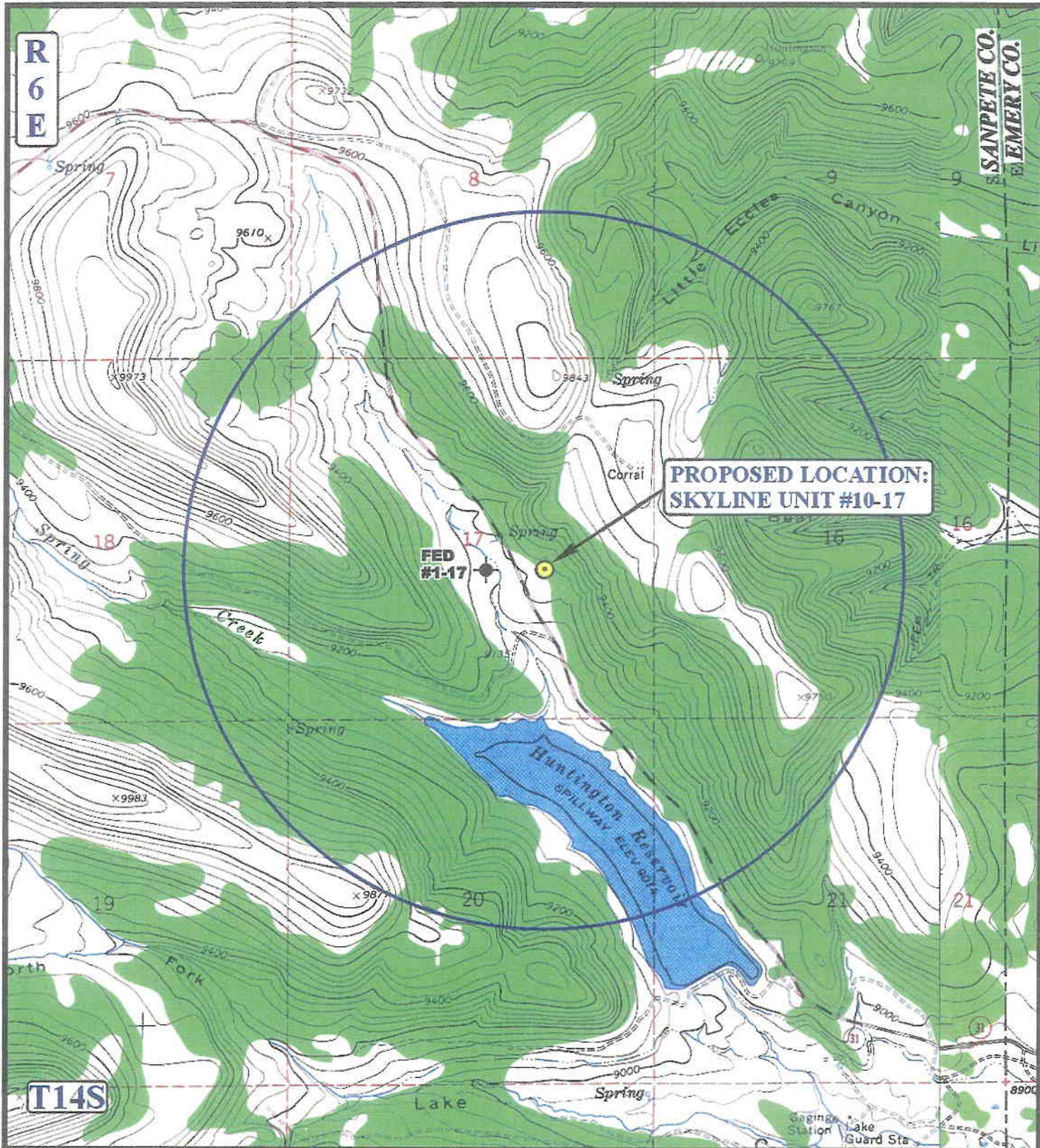
09 11 09  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: L.K.

REVISED: 00-00-00

B  
 TOPO





# LEGEND:

- |                 |                       |
|-----------------|-----------------------|
| DISPOSAL WELLS  | WATER WELLS           |
| PRODUCING WELLS | ABANDONED WELLS       |
| SHUT IN WELLS   | TEMPORARILY ABANDONED |

## LIBERTY PIONEER ENERGY SOURCE, INC.

SKYLINE UNIT #10-17  
 SECTION 17, T14S, R6E, S.L.B.&M.  
 2241' FSL 1642' FEL



Uintah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 (435) 739-1017 \* FAX (435) 739-1313

TOPOGRAPHIC  
 MAP

09 11 09  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: L.K. REVISED: 00-00-00





**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 09/17/2009

API NO. ASSIGNED: 43-039-30044

WELL NAME: SKYLINE U 10-17

OPERATOR: LIBERTY PIONEER ENERGY ( N2855 )

CONTACT: DON HAMILTON

PHONE NUMBER: 801-224-4771

PROPOSED LOCATION:

NWSE 17 140S 060E

SURFACE: 2241 FSL 1642 FEL

BOTTOM: 2241 FSL 1642 FEL

COUNTY: SANPETE

LATITUDE: 39.60171 LONGITUDE: -111.27154

UTM SURF EASTINGS: 476687 NORTHINGS: 4383378

FIELD NAME: WILDCAT ( 1 )

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-78000

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: TNUNK

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UTB-000334 )

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit  
(No. 93-243 )

☒ RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

       R649-2-3.

Unit: SKYLINE II *OK*

       R649-3-2. General

☒ Siting: 460 From Qtr/Qtr & 920' Between Wells

☒ R649-3-3. Exception

       Drilling Unit

Board Cause No: \_\_\_\_\_

Eff Date: \_\_\_\_\_

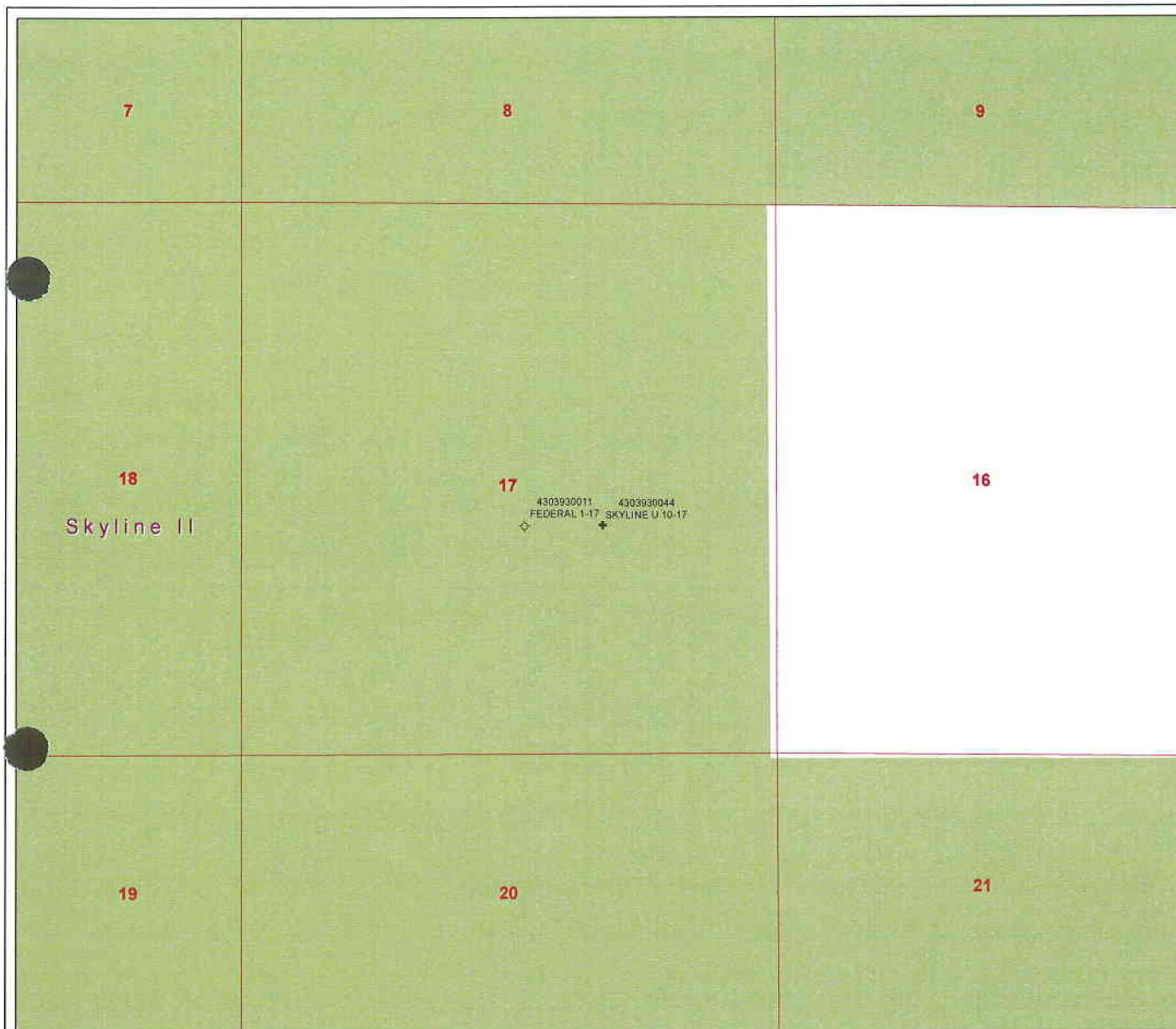
Siting: \_\_\_\_\_

       R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

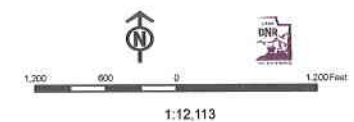
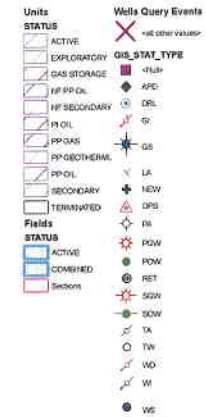
STIPULATIONS: \_\_\_\_\_

*1- Lease Approval*  
*2- Spacing Slip*



**API Number: 4303930044**  
**Well Name: SKYLINE U 10-17**  
**Township 14.0 S Range 06.0 E Section 17**  
**Meridian: SLBM**  
 Operator: LIBERTY PIONEER ENERGY SOURCE, INC

Map Prepared:  
 Map Produced by Diana Mason





JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

October 1, 2009

Liberty Pioneer Energy Source, Inc.  
1411 East 840 North  
Orem, UT 84097

Re: Skyline Unit 10-17 Well, 2241' FSL, 1642' FEL, NW SE, Sec. 17, T. 14 South, R. 6 East, Sanpete County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-039-30044.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Sanpete County Assessor  
Bureau of Land Management, Salt Lake Office





Operator: Liberty Pioneer Energy Source, Inc.

Well Name & Number Skyline Unit 10-17

API Number: 43-039-30044

Lease: UTU-78000

Location: NW SE                      Sec. 17                      T. 14 South                      R. 6 East

### Conditions of Approval

#### 1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

#### 2. Notification Requirements

Notify the division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281    (801) 733-0983 home

#### 3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

#### 4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

#### 5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>			
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-78000			
<b>1. TYPE OF WELL</b> Gas Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>			
<b>2. NAME OF OPERATOR:</b> LIBERTY PIONEER ENERGY SOURCE, INC		<b>7. UNIT or CA AGREEMENT NAME:</b> SKYLINE II			
<b>3. ADDRESS OF OPERATOR:</b> 1411 East 840 North, Orem, UT, 84097		<b>8. WELL NAME and NUMBER:</b> SKYLINE U 10-17			
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2241 FSL 1642 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWSE Section: 17 Township: 14.0S Range: 06.0E Meridian: S		<b>9. API NUMBER:</b> 43039300440000			
<b>PHONE NUMBER:</b> 801 224-4771 Ext		<b>9. FIELD and POOL or WILDCAT:</b> WILDCAT			
<b>COUNTY:</b> SANPETE		<b>STATE:</b> UTAH			
<b>11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA</b>					
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>				
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 8/15/2011  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE  <input type="checkbox"/> CHANGE TO PREVIOUS PLANS  <input type="checkbox"/> CHANGE WELL STATUS  <input type="checkbox"/> DEEPEN  <input type="checkbox"/> OPERATOR CHANGE  <input type="checkbox"/> PRODUCTION START OR RESUME  <input type="checkbox"/> REPERFORATE CURRENT FORMATION  <input type="checkbox"/> TUBING REPAIR  <input type="checkbox"/> WATER SHUTOFF  <input type="checkbox"/> WILDCAT WELL DETERMINATION         </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING  <input type="checkbox"/> CHANGE TUBING  <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS  <input type="checkbox"/> FRACTURE TREAT  <input type="checkbox"/> PLUG AND ABANDON  <input type="checkbox"/> RECLAMATION OF WELL SITE  <input type="checkbox"/> SIDETRACK TO REPAIR WELL  <input type="checkbox"/> VENT OR FLARE  <input type="checkbox"/> SI TA STATUS EXTENSION  <input type="checkbox"/> OTHER         </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR  <input type="checkbox"/> CHANGE WELL NAME  <input type="checkbox"/> CONVERT WELL TYPE  <input type="checkbox"/> NEW CONSTRUCTION  <input type="checkbox"/> PLUG BACK  <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION  <input type="checkbox"/> TEMPORARY ABANDON  <input type="checkbox"/> WATER DISPOSAL  <input checked="" type="checkbox"/> APD EXTENSION            OTHER: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>			
<b>12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.</b> Liberty Pioneer Energy Source, Inc. hereby requests a one year extension of the state permit for the referenced well This is the first extension that has been requested.					
<b>Approved by the Utah Division of Oil, Gas and Mining</b>  <b>Date:</b> <u>August 31, 2010</u> <b>By:</b>					
<b>NAME (PLEASE PRINT)</b> Don Hamilton	<b>PHONE NUMBER</b> 435 719-2018	<b>TITLE</b> Permitting Agent (Buys & Associates, Inc)			
<b>SIGNATURE</b> N/A	<b>DATE</b> 8/30/2010				

**RECEIVED** August 30, 2010



## The Utah Division of Oil, Gas, and Mining

- State of Utah  
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

### Request for Permit Extension Validation Well Number 43039300440000

**API:** 43039300440000

**Well Name:** SKYLINE U 10-17

**Location:** 2241 FSL 1642 FEL QTR NWSE SEC 17 TWNP 140S RNG 060E MER S

**Company Permit Issued to:** LIBERTY PIONEER ENERGY SOURCE, INC

**Date Original Permit Issued:** 10/1/2009

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

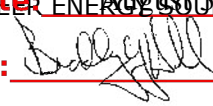
- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Signature:** Don Hamilton

**Date:** 8/30/2010

**Title:** Permitting Agent (Buys & Associates, Inc) **Representing:** LIBERTY PIONEER ENERGY SOURCE, INC

**Date:** August 31, 2010  
**By:** 

**RECEIVED** August 30, 2010



GARY R. HERBERT  
*Governor*

GREGORY S. BELL  
*Lieutenant Governor*

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

December 2, 2011

Liberty Pioneer Energy Source, Inc.  
1411 East 840 North  
Orem, UT 84097

Re: APD Rescinded – Skyline Unit 10-17, Sec. 17 T. 14S, R. 6E  
Sanpete County, Utah API No. 43-039-30044

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 1, 2009. On August 31, 2010 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective December 2, 2011.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Richfield Office





# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Richfield Field Office

150 East 900 North

Richfield, UT 84701

(435) 896-1500 Fax: (435) 896-1550



IN REPLY REFER TO:

3160

UT-050

CERTIFIED MAIL NUMBER 7011 1150 0001 1465 1491  
RETURN RECEIPT REQUESTED

Liberty Pioneer Energy Source, Inc  
1411 East 840 North  
Orem, Utah 84097

RECEIVED

MAR 07 2013

DIV. OF OIL, GAS & MINING

Re: Skyline Unit 10-17 Well  
NWSE Sec.17, T14S R6E SLB&M Sanpete  
County, Utah  
Lease UTU-78000  
Skyline II Unit

43-039-30044

Gentlemen:

The Application for Permit to Drill (APD) the above referenced well, submitted September 16, 2009, is being returned unapproved. In a letter dated February 17, 2013, the BLM Richfield Field Office stated:

*"The Manti-La Sal National Forest recently approved the Surface Use Plan of Operations for the Skyline Unit 10-17 well. As part of their approval there were Conditions of Approval specific to this well, two of these conditions need to be satisfied prior to the BLM being able to approve the Application for Permit to Drill (APD): a bond in the amount of \$195,500 needs to be submitted to the BLM, and a Forest Service Road Use Permit needs to be acquired from the Manti-La Sal National Forest. The bond should be submitted to the BLM Utah State Office, Attention: Diane McComb, 440 West 200 South, SLC, UT 84101-1345.*

*This letter serves as notification that if the bond is not submitted and/or the application for the Road Use Permit isn't submitted to the Manti-La Sal NF within 45 day from the date of this letter the subject APD will be returned unapproved."*

As of this date, BLM has not received the bond nor has an application for the road use permit been made to the Manti-LaSal NF. If you intend to drill this location at a future date, a new APD must be submitted. If you have any questions about this letter please contact Stan Andersen at 435-896-1532.

Sincerely,

Wayne A. Wetzel  
Field Office Manager

Cc: Becky Hammond, UTSO  
Mickey Coulthard, UTSO  
Leslie Peterson, Price Field Office  
Joseph DiBenedetto, Manti-La Sal NF  
UDOMG